

Beneficiary's Share of Income, Deductions, Credits, etc.

1996

for the Calendar Year 1996, or fiscal year
beginning _____, 1996 and ending _____, 19____

COMPLETE A SEPARATE SCHEDULE K-1 FOR EACH BENEFICIARY

Name of estate or trust ►	<input type="checkbox"/> Amended K-1 <input type="checkbox"/> Final K-1
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Beneficiary's social security number ► Beneficiary's name, address and zip code	Federal Employer's I.D. Number ► Fiduciary's name, address, and zip code
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(a) Allocable share item	(b) Amount	(c) Calendar year 1996 Form N-11*/N-12** filers enter the amounts in column (b) on:
1 Interest		Interest Worksheet
2 Dividends		Dividend Worksheet
3 a Net short-term capital gain		Capital Gain/Loss Worksheet, line 2
b Net long-term capital gain		Capital Gain/Loss Worksheet, line 8
4 a Business income and other non-passive income before directly apportioned deductions. (see Instructions)		Form N-11, line 53 and/or 55 Form N-12, line 12a
b Depreciation		Include on applicable line of appropriate tax form
c Depletion		
d Amortization		
5 a Rental, rental real estate, and other passive income before directly apportioned deductions. (see Instructions)		Form N-11, line 54 Form N-12, line 16a
b Depreciation		Include on applicable line of appropriate tax form
c Depletion		
d Amortization		
6 Estate tax deduction (including certain generation skipping transfer taxes) . .		Worksheet A-6, line 27
7 Net income taxes paid to another state or foreign country (list on a separate sheet)		See Instructions for Form N-11, lines 20b and 27 or Form N-12, lines 32b and 38
8 a Total cost of qualifying property for the Capital Goods Excise Tax Credit (Form N-312A attached)		Form N-312
b Low-Income Housing Tax Credit (Form N-586 attached)		Form N-586
9 Distributions in the final year of estate or trust:		
a Excess deductions on termination (see Instructions)		Worksheet A-6, line 22
b Short-term capital loss carryover		Capital Gain/Loss Worksheet, line 4
c Long-term capital loss carryover		Capital Gain/Loss Worksheet, line 10
d Net operating loss (NOL) carryover		Form N-12, line 18
e		} Include on applicable line of appropriate tax form
f		
10 Other (itemize):		
a Payments of estimated tax credited to you		Form N-11 line 35 or Form N-12, line 46
b Tax-exempt interest		See Instructions for Form N-11, lines 9 and 17 or Form N-12, line 8
c		Include on applicable line of appropriate tax form
d		
e		
f		

DISTRIBUTION OF INCOME NOT SUBJECT TO TAX IN HAWAII TO NONRESIDENT BENEFICIARIES — See Instructions

11 Interest		
12 Dividends		
13 Other intangible income (state nature of income).		
14 Capital gain (loss) on intangibles		

* Form Form N-11 filers, if your federal Schedule K-1 (Form 1041) and Hawaii Schedule K-1 (Form N-40) are different, the necessary adjustments are to be computed on the Hawaii Additions Worksheet and the Hawaii Subtractions Worksheet in the Form N-11 Instructions.

** All referenced worksheets are contained in the N-11/N-12 Instructions.

Instructions for Beneficiary Filing Form N-11 or Form N-12

Important Notes

For Form N-11 filers, if your federal Schedule K-1 (Form 1041) and Hawaii Schedule K-1 (Form N-40) are different, the necessary adjustments are to be computed on the Hawaii Additions Worksheet and the Hawaii Subtractions Worksheet in the Form N-11 Instructions.

All referenced worksheets are contained in the N-11/N-12 Instructions.

General Instructions

Name, Address, and Identifying Number. — Your name, address, and identifying number, the estate or trust name, address, and identifying number should have been entered on the Schedule K-1 you received.

Errors. — If you believe the estate or trust has made an error on your Schedule K-1, notify the fiduciary of the estate or trust and ask for a corrected Schedule K-1. Do not change any items on your copy. Be sure that the estate or trust sends a copy of the corrected Schedule K-1 to the State Department of Taxation.

Specific Instructions

Nonresident beneficiary see instructions for lines 11 through 14 below.

Line 1. Interest. — Report the amount from line 1 (Schedule K-1) on your Interest Worksheet.

Line 2. Dividends. — Report the amount from line 2 (Schedule K-1) on your Dividend Worksheet.

Line 3. Capital Gains. — Report the amount from line 3a (Schedule K-1) on your Capital Gain/Loss Worksheet, line 2. Report the amount from line 3b, (Schedule K-1) on your Capital Gain/Loss Worksheet, line 8. If there is an attachment to this Schedule K-1 that reports a disposition of a rental, rental real estate, or passive business activity, see the instructions for federal Form 8582 for information on the treatment of disposition of interests in a passive activity.

Lines 5a-5d. — IRC section 469 provides rules that limit deductions and credits derived from passive activities to the income derived from passive activities and the tax imposed on any net income from such activities. A trade or business activity in which you, as beneficiary of an estate or trust, do not materially participate is a passive activity.

Caution: *The limitations on passive activity losses under IRC section 469 apply to estates and trusts. Federal rules for treating a beneficiary's income and directly allocable deductions from an estate or trust, and other rules for applying the passive loss limitations to beneficiaries have not been finalized. These rules will be provided in future federal regulations.*

Line 8a. Total cost of qualifying property for the Capital Goods Excise Tax Credit. — Attach the Form N-312A provided by the trust or estate to your return.

Line 8b. Low-Income Housing Tax Credit. — Attach the Form N-586 provided by the trust or estate to your return.

Lines 9a-9d. Distributions in the final year of estate or trust. — If the fiduciary checked the "Final K-1" box at the top, you may be allowed to deduct excess deductions from the final year of the trust or decedent's estate and certain unused carryovers (subject to limitations) on your individual income tax return.

Line 10a. — For purposes of computing any underpayment and penalty on Form N-210, Underpayment of Estimated Tax by Individuals and Fiduciaries, you should treat the amount enter on line 10a as an estimated tax payment made on January 20, 1997.

Lines 11 through 14

Nonresident Beneficiary. — Lines 11 through 14 reflect the total interest, dividends, other intangible income, and capital gains or (losses) from the sale of intangibles not subject to tax in Hawaii.

Section 235-4.5(a), HRS, excludes from gross income any intangible income, such as dividends and interest, earned by a trust sited in the State to the extent that, during the taxable year of the trust, the beneficial interest in the trust is held by nonresident beneficiary or nonresident beneficiaries. This exclusion does not apply to income received from real property held in land trust formed under Chapter 558, HRS.